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SUMMARY

With recent declines in prices received by farmers and rather stable prices paid, net farm income for the year 1948 is likely to be lower than 1947, the first drop in 10 years. Record large crop production this year has been primarily responsible for the price declines in farm products. These declines have been reflected in the general level of wholesale commodity prices, which fell in the late summer and early fall. Prices of industrial products as a group rose slightly during the same period.

Despite some weakening in farm prices and income, economic activity as a whole continues at a high level. Industrial production has advanced to a new peacetime peak. Steel production and motor vehicle output, though still short relative to demand, have attained record postwar rates. Unemployment in the nation is as low as at any time since the end of the war and the flow of income to consumers continues undiminished.

The value of agricultural exports turned upward in the third quarter in 1948 for the first time since the first quarter in 1947. Most of the increase over the second quarter in 1948 was due to larger shipments of grains and grain products to Army occupied areas and to countries participating in the European Recovery Program. Although there may be a further increase in the fourth quarter, agricultural exports for the year as a whole are expected to total about one-half billion dollars less than the 3.9 billions in 1947.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base Period	1947		1948			
		Year	Oct.	July	Aug.	Sept.	Oct.
Industrial production 1/	1935-39						
Total.....	= 100	187	190	186	191	192	195
All manufactures.....	do.	194	197	191	197	199	202
Durable goods.....	do.	220	223	219	222	224	230
Nondurable goods.....	do.	172	176	169	176	178	179
Minerals.....	do.	149	155	153	159	156	159
Construction activity 1/	1935-39						
Contracts, total.....	= 100	274	321	357	350	336	
Contracts, residential.....	do.	348	417	458	434	404	
Wholesale prices 2/							
All commodities.....	1926-100	152	158	169	170	169	165
All commodities except farm and food.....	do.	135	140	151	153	153	153
Farm Products.....	do.	181	190	195	191	189	182
Food.....	do.	169	178	188	190	186	177
Prices received and paid by farmers 3/	1910-14						
Prices received, all prod.....	= 100						
Prices paid, int. & taxes.....	do.	278	289	301	293	290	277
Parity ratio.....	do.	231	239	251	251	250	249
Consumers' price 5/ 6/	do.	120	121	120	117	116	111
Total.....	1935-39						
Food.....	= 100	159	164	174	174	174	174
Nonfood.....	do.	194	202	217	217	215	212
Income	do.	140	143	150	151	152	152
Nonagricultural payments 4/...	Bil.dol.	174.9	179.7	189.3	191.6	192.2	
Income of industrial work- ers 3/.....	1935-39						
Factory payrolls 5/.....	= 100	332	348	361	376	380	
Weekly earnings of factory workers 5/	do.						
All manufacturing.....	Dollars	49.25	51.05	53.01	54.12	54.06	
Durable goods.....	do.	52.45	54.69	56.33	58.34	57.92	
Nondurable goods.....	do.	45.87	47.20	49.50	49.80	50.13	
Employment							
Total civilian 7/.....	Millions	58.0	59.2	61.6	61.2	60.3	60.1
Nonagricultural 7/.....	do.	49.8	50.6	52.5	52.8	51.6	51.5
Agricultural 7/.....	do.	8.3	8.6	9.2	8.4	8.7	8.6
Government finance (Fed.)							
Income, cash operating.....	Mil.dol.	3,909	2,640	2,404	3,227	4,713	
Outgo, cash operating.....	do.	3,431	2,621	2,765	3,005	3,275	
Net cash opr. income or outgo.	do.	+478	+18	-361	+221	1,438	

Annual data for the years 1929-47 appear on page 17 of the March 1948 issue of the Demand Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid, interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1947 are on average monthly basis.

Commodity highlights

Prices received by farmers for cattle dropped slightly from mid-October to mid-November and prices for hogs came down about \$3.00 per hundred pounds. Cattle slaughter is currently 15-25 percent less than at the same time in 1947; hog slaughter also is below a year ago. Dairy product markets have firmed somewhat since the record contraseasonal decline from September to October. In mid-November, prices received for corn were at the lowest level in nearly two years and 23 cents per bushel below the national average loan rate. Cash wheat prices in late November were above loan levels and are expected to strengthen somewhat in the next few months. Prices for apples and pears are expected to be a little higher this winter than last. Prices for the large production of citrus fruits and grapes probably will be about the same as last winter. The 1949 potato crop is to be supported at 60 percent of its parity price, under the provisions of the Agricultural Act of 1948, in contrast to the 90 percent of parity support level for the 1948 crop. Prices of cotton in mid-November were slightly above loan levels. A firm demand for Burley tobacco which began marketing on November 29, is expected to continue.

OUTPUT AND EMPLOYMENT

Total industrial production set a new peacetime record in October, surpassing the previous peacetime high reached in February this year. The seasonally adjusted index of total industrial output increased to 195 (1935-39=100), 3 points above September, 5 points above a year earlier and 1 point above the previous peak of February, 1948. The October output was 5 percent above the year's low of July, when vacation shutdowns reduced production to 186.

Pacing the increase in total output, durable goods production in October, rose to a new peacetime high, exceeding by 1 point the previous peacetime high reached in December 1947, and January and March of this year. The index of durable goods production was 230 in October, 6 points above September and 7 points above October a year earlier. Steel mill activity increased to 99.9 percent of capacity, a new postwar record. Actual tonnage produced exceeded even the wartime peak. Motor vehicle output also set a new high for postwar operations, with average weekly output in October rising to almost 115,000 units, 23 percent above September. October output was at an annual rate of almost 6 million units, about 1.2 millions greater than the 4.8 millions produced in 1941.

Nondurable goods production also increased as production of meat-packing, paperboard products, petroleum products and rubber industries expanded. Output of textile products and shoe production declined somewhat. The index of nondurable goods production in October was 179, 1 point above September, 3 points above October a year earlier, and only 1 point below the postwar high reached in February this year.

Early indications of overall production in November suggested a continuation of the high October rate, with steel and motor vehicle output being maintained at or near the record levels of October.

Total employment in October declined slightly to 60.1 million persons, 200,000 fewer than in September, but 900,000 greater than a year earlier. The September to October decline largely reflected the fact that many youths quit work to go back to school. This was partly offset by an increase in the number of adult males employed. Nonagricultural employment declined slightly, falling to 51.5 million persons in October compared with 51.6 millions in September and 50.6 millions in October a year ago. Since the labor force dropped more than employment from September to October, unemployment declined to 1.6 millions in October, about the same as a year ago. The proportion of all persons in the civilian labor force who were unemployed declined to 2.7 percent, the lowest for the year and as low as that of any period since the end of the war.

INCOME AND RELATED FACTORS

The seasonally adjusted annual rate of total personal income remained unchanged in September at 214.6 billion dollars, 8.4 billions larger than a year earlier. Slight increases in the income of nonagricultural groups were accompanied by a less than the usual seasonal increase in agricultural income.

Salary and wage receipts, seasonally adjusted, increased to an annual rate of 134.8 billion dollars, .2 billions larger than in August and 12.6 billions greater than September a year earlier. The increase between August and September chiefly reflected small rises in manufacturing, trade, and government employment. Weekly earnings of factory workers remained unchanged at \$54.06 per week, with a decline in the average number of hours worked offsetting a slight increase in average hourly earnings. Weekly earnings in nondurable goods industries rose slightly above \$50.00 per week for the first time on record, but earnings in durable goods industries dropped slightly.

Dollar-sales at department stores in October increased less than seasonally from September. The seasonally adjusted index of dollar sales declined to 303 (1935-39=100), 3 percent below September, but the same as the average for the first three quarters of 1948 and 9 percent greater than in October a year earlier.

COMMODITY PRICES

The decline in the general level of wholesale prices, which began in September, continued through October. The BLS index of wholesale prices of all commodities in October was 165, 2 percent below September and 2.5 percent below the record of August. The October index was 4 percent above October 1947. The decline in the all-commodity price level reflected lower prices for farm products and foods. Prices of non-agricultural commodities as a group (all other than farm and food) have been unusually stable since early September.

Table 1.-Group indexes of wholesale prices, week ended
November 23, 1948 with comparisons 1/

(1926 = 100)

Group	Week ended Nov. 23, 1948	Week ended Oct. 26, 1948	Week ended Nov. 25, 1947	Week ended Nov. 23, 1948 Percentage change from	
				Week ended Oct. 26, 1948	Week ended Nov. 25, 1947
All commodities	164.9	164.7	159.8	+ .1	+ 3.2
Farm products	177.6	177.5	188.4	+ .1	- 5.7
Foods	177.1	177.8	177.1	- .4	0.0
All other than farm and food	153.5	153.1	142.5	+ .3	+ 7.7
Textile products	147.1	146.3	145.8	+ .5	+ .9
Fuel and lighting materials	136.8	136.7	118.6	+ .1	+15.3
Metals and products	173.8	172.6	150.9	+ .7	+15.2
Building materials	203.3	203.6	187.8	- .1	+ 8.3
All other	134.7	134.4	136.6	+ .2	- 1.4

1/ New weekly wholesale price index comparable with the BLS monthly wholesale price index.

Wholesale prices of farm products and foods firmed somewhat in late November following declines which carried through the first part of the month. Farm product prices have been declining steadily since mid-year; wholesale food prices, since August. The general level of nonagricultural prices rose slightly as prices of textiles, hides and leather products, chemicals and metals increased. In late November, the all-commodity price level was 3 percent above the comparable period in 1947. Prices of farm products were down 6 percent; those for food were unchanged; but prices of nonagricultural commodities averaged 8 percent higher.

The general level of prices received by farmers in mid-November continued below that of a year earlier (Table 2). Prices received by farmers on November 15 averaged 2 percent below those of the previous month as the BAE index dropped to 271 (1910-14= 100). Average prices received from all crops continued the steady decline which began in April. Slight increases between October and November in prices received for truck crops, food grains and oil-bearing crops, were more than offset by declines in prices of fruit, feed grains, cotton and tobacco. The index of prices received for livestock and livestock products on November 15 declined 3 percent from a month earlier as a result of declines in prices of meat animals and dairy products.

Table 2.-Group indexes of prices received by farmers
November 15, 1948, with comparisons

(August 1909-July 1914=100)

Group	Nov. 15, 1948	Oct. 15, 1948	Nov. 15, 1947	November 15, 1948 Percentage change from	
				Oct. 15, 1948	Nov. 15, 1947
Food grains	234	226	312	+ 4	- 25
Feed grains and hay	181	192	283	- 6	- 36
Cotton	246	251	257	- 2	- 4
Tobacco	412	418	354	- 1	+ 16
Oil-bearing crops	283	270	349	+ 5	- 19
Fruit	157	174	151	- 10	+ 4
Truck crops	186	176	272	+ 6	- 32
All crops	224	227	268	- 1	- 16
Meat animals	351	373	338	- 6	+ 4
Dairy products	284	289	293	- 2	- 3
Poultry and eggs	272	260	242	+ 5	+ 12
Livestock and products	313	323	304	- 3	+ 3
Crops and livestock and products	271	277	287	- 2	- 6

Movements in prices received for the various groups of commodities from levels of a year ago were mixed. Prices received for feed grains and hay, food grains, oil-bearing crops and truck crops were down sharply. This more than offset increases in tobacco, fruit, meat animals and poultry and eggs. Average prices received for all farm products were 6 percent below a year ago; those for all crops, 16 percent below a year earlier. Prices received for livestock and livestock products, however, were up 3 percent from November, 1947.

Prices paid by farmers, interest and taxes, averaged slightly lower on November 15, as food, clothing and feed prices continued to edge slightly downward. The BAE index of prices paid by farmers, interest and taxes declined to 247 in mid-November, 2 points below mid-October but 6 points above a year earlier. The greater decrease in prices received compared with the prices paid brought the parity ratio (the index of prices received divided by the index of prices paid, interest and taxes) down to 110, 1 point lower than on October 15, and 9 points below a year earlier. It was the lowest since October 1942.

In October, urban consumer prices declined for the first time since April this year, chiefly as a result of a decline in food prices. The BLS index of urban consumers' prices in October was 173.6, compared with 174.5 in September and 163.8 in October 1947.

AGRICULTURAL EXPORTS

Agricultural exports in the third quarter of 1948 were valued at 838 million dollars compared with 785 millions in the second quarter. This is the first quarterly increase in the value of agricultural exports since the first quarter of 1947. However, the third quarter value was 9 percent below that in the same quarter in 1947. For 1948, agricultural exports are expected to total 3.4 billion dollars compared with 3.9 billions in 1947 and the 3/4 billion dollar average in 1935-39.

Most of the increase over the second quarter was due to larger exports of grains and grain products and of unmanufactured tobacco. Exports of cotton and of foods other than grains were smaller. Third quarter exports of tobacco included considerable old crop tobacco purchased in May. The increase in exports of grains and grain products in the third quarter over the second quarter was largely due to increased shipments by the Army for the civilian populations of occupied areas and to greater exports to ERP countries and to China under ECA programs.

Table 3.-Value of exports of United States agricultural products in specified periods 1/

(Million dollars)

Period	Cotton including linters	Tobacco unmanu- factured <u>2/</u>	Grain and prepa- rations	Other foods	Total foods <u>3/</u>	Grand total <u>4/</u>
	(1)	(2)	(3)	(4)	(5)	(6)
1935-39 Annual average	318	128	95	178	273	748
<u>1947</u>						
1st. quarter	169	93	439	317	766	1,071
2nd. quarter	137	53	511	292	802	1,038
3rd. quarter	37	52	499	292	791	919
4th. quarter	84	73	417	263	681	882
Total 1947	427	271	1,866	1,164	3,030	3,911
<u>1948</u>						
1st. quarter	122	40	416	237	653	859
2nd. quarter	98	41	400	210	610	785
3rd. quarter	30	77	491	170	661	838

1/ In postwar period includes army supply shipments for civilian populations in occupied areas. 2/ Includes trimmings, scrap, and stems. 3/ Defined as the sum of Agricultural Crude Foodstuffs (Economic Class 2) plus Agricultural Manufactured Foodstuffs (Economic Class 4). 4/ The sum of columns 1, 2, and 5 plus small values of agricultural non-foods not shown separately.

AGRICULTURAL PRODUCTS IN THE ECA PROGRAM

On April 3, 1948 the Foreign Assistance Act of 1948 (P.L. 472) was approved. Title I of this Act is the "Economic Cooperation Act of 1948" popularly known as the "Marshall Plan" or the "European Recovery Program.". Title IV of the Act is the "China Aid Act of 1948.". The Economic Cooperation Administration (ECA) administers both programs. ECA has over 5 billion to spend under Title I and 400 millions under Title IV in the 12 months beginning April 3, 1948--a total of almost 5.5 billions.

Table 4 shows that in the first 7 months of its operation (April 3-October 31) ECA authorized the procurement of goods and services valued at 2.5 billion dollars or about 46 percent of the 5.5 billions. Actual procurement naturally lags behind the authorizations, and actual export of the goods and use of the services lag behind procurement. Finally, on the average, checks issued by the Treasury against ECA funds (ECA expenditures) lag behind exports. Data on actual exports of goods from all countries financed with ECA funds are not available but would be between the 2.5 billion of authorizations and the 1 billion of expenditures recorded as of October 31 and much nearer the latter. If the October rate of authorizations carried through the November 1948-March 1949 period, almost all of the funds available will have been authorized by April 1, 1949. However, total expenditures by the end of March 1949 are not likely to exceed 3 billions.

In the seven months ended October 31 about 58 percent of all funds authorized to be spent for goods by ECA were for purchase in the United States and the rest for purchase in other countries. Sixty-five percent of the authorized purchases of agricultural products and 50 percent of the industrial products were for purchase in the United States. All of the cotton, practically all of the tobacco, and 65 percent of the bread grains were for purchase in the United States. Most of the offshore bread grain authorizations were for purchase in Canada.

Agricultural products constituted 60 percent of the total value of all commodities authorized for procurement in the United States in the 7 months. Of the 60 percent, bread grain accounted for nearly half and cotton, one quarter.

As noted previously, the goods shipped to the 16 participating countries and China that are paid for with ECA dollars are not all bought in the United States. But all the dollars ECA spends on these goods in offshore areas will eventually be used to pay for United States exports of goods or services, most of which will be nonagricultural.

Table 4.- ECA procurement authorizations from United States and from all countries cumulative total October 31, 1948 1/

Commodity	: Authorized	
	: from	
	: United States: countries	
	Mil. dol.	Mil. dol.
Bread grains and rice	355.7	546.9
Coarse grains and feeds, oilcake and meal	63.5	87.4
Fats and oils	60.5	126.6
Meat.....	11.1	87.3
Dairy products	39.0	50.5
Cotton	187.9	187.9
Tobacco	38.0	41.0
Miscellaneous agricultural commodities	37.3	101.5
:		
Total agricultural commodities	793.0	1,229.1
Total industrial commodities	532.9	1,065.8
Total, all commodities	1,325.9	2,294.9
Ocean freight and other services	2/	249.0
Grand total		2,543.9

1/ European and China programs combined. 2/ Not available.

2/ Not available.

FARM INCOME

Cash receipts in November continued slightly below the same month last year. Farmers received a little more money from marketings in the first 11 months of 1948 than in 1947, but production expenses have gone up still more, so that net income will be lower than in 1947, the first drop in ten years.

From January through November of this year farmers took in around 28 billion dollars, or 2 percent more than in the first 11 months of last year. Receipts from livestock and products were up about 7 percent, but crop receipts were down 4 percent. These changes were due mostly to price changes, as all prices received by farmers so far this year have averaged 5 percent higher than last year. Livestock prices are up 10 percent and crop prices down 2 percent.

Cash receipts from meat animals, dairy products, and poultry and eggs were all above the first 11 months of last year. Although marketings of cattle and calves were a little lower than last year, prices have averaged about one-fourth higher. Marketings of sheep and lambs were also below a year ago, but prices were 10 to 15 percent higher. Hog marketings were above last year, however, and prices were slightly lower. The 12 percent gain in receipts from dairy products was due to an increase of 14 percent in milk prices, with milk production running slightly lower. Poultrymen received 5 percent more from eggs and poultry than last year. While egg production was down a little, prices of eggs were 5 percent higher; and the decline in sales of chickens was about offset by a gain of 9 percent in prices.

Cash receipts from some of the important crops during the first 11 months were below last year. The relatively small marketings of corn in the early part of the year and the low prices of recent months resulted in a substantial decline in receipts from corn through November. Lower receipts from tobacco reflect smaller marketings throughout most of the year. Prices of citrus fruit have been especially low compared with 1947, and receipts from oranges and grapefruit have been down. Cotton marketings, however, have been greater this year, and with prices averaging about the same, receipts were a little higher. Volume of wheat actually sold this year may have been a little below last year; but higher wheat loans during the last few months than a year earlier have held cash receipts from wheat up near last year's level.

November was the second consecutive month when total cash receipts were below the same month of 1947. From April through September, receipts were continually above last year, ranging from 1 percent in September to 13 percent in May. Farmers probably took in close to 3.0 billion dollars in November, 7 percent under a year ago. Cash receipts from livestock were about 1.5 billion dollars, 7 percent less than last year. Cash receipts from meat animals may have been a little lower than last year because of smaller marketings. With milk production and prices of dairy products both about the same as in November 1947, cash receipts showed little change. Prices of poultry and eggs, however, were a little higher than a year ago, and total receipts from these products were up.

Total crop receipts in November were about 1.6 billion dollars, 7 percent below last year. Farmers are estimated to have received about the same amount of money from most of the major crops as last year; but receipts from corn, and tobacco were probably down a little.

LIVESTOCK AND MEAT

Prices received by farmers for cattle dropped slightly and those for lambs were nearly steady from mid-October to mid-November. The seasonal peak of cattle and sheep slaughter has been passed. Prices received for hogs were nearly \$3.00 per 100 pounds lower in mid-November than a month earlier and prices of barrows and gilts at Chicago were a new low for the fall season. In October, farmers sent many hogs to market at medium weights and hog slaughter exceeded that of October last year. In November, numbers slaughtered were moderately below a year earlier and average slaughter weights increased. For the whole fall season to date, hog numbers slaughtered have been greater and weights lighter than are commonly expected following a bumper corn crop and falling corn prices.

Hog slaughter probably will continue to rise to a seasonal peak late this year or early next year. But in view of the heavy slaughter to date, the peak may not be as high and sharp as usual. Total pork production for the season will be less than it would have been if more hogs had been fattened to heavier weights and slaughtered later in the season. Even if weights for the October-April period average slightly higher than last year, total pork output will be moderately smaller than in the same period of 1947-48. The 1948 spring pig crop, source of most winter hog slaughter, was 3 percent smaller than the 1947 spring crop. Also, more gilts will be withheld from slaughter this year than last.

Prices received by farmers for hogs have declined earlier and faster this year than usual. The 20 percent drop from mid-September to mid-November exceeded the average of 14 percent.

Cattle slaughter is currently 15 to 25 percent less than at the same time in 1947. Largely because of the smaller quantity of beef available, meat consumption per person may be about 2 pounds less in the fourth quarter of 1948 than the 40.8 pounds in the same quarter of 1947.

The BLS index of retail meat prices in large cities dropped 12 points or 4.4 percent from September to October. Prices in the latter month, however, were still about $2\frac{1}{2}$ times the 1935-39 average and higher than at any time before June of this year.

Shipments of feeder and stocker cattle increased rapidly to a seasonal high point in late October and have continued relatively large in November. October receipts at 8 Corn Belt States were 2 percent smaller than a year earlier. As many or more cattle are expected to be on feed next January 1 as on January 1, 1948.

DAIRY PRODUCTS

Dairy product markets have firmed somewhat since the sharp decline in prices received by farmers, which occurred between September and October. The declines this fall contrast to the strength shown by all dairy products in the first half of 1948, when production was increasing seasonally. After allowing for seasonal adjustments, prices received for dairy products were a record in June and July 1948.

Since consumer incomes are still high, lower retail prices for dairy products will tend to increase consumption. Prices for at least some of the major dairy items may increase from recent levels before significant seasonal increases in output occur in the next few months.

The downward drift in dairy prices began in the second half of July, though consumer incomes have been steady since then. The first significant decline was in butter. It came in the week after a very sharp break in prices of cottonseed and soybean oils which reflected substantially larger production in 1948. The two items are important ingredients in production of oleomargarine. The downward movement in butter and margarine prices, at least at the beginning, reflected rising output of margarine and expectations that in the late fall and winter production of margarine would be greater and prices lower than a year earlier. Also contributing significantly to the price declines were weakening in the demand to hold storage stocks which had been accumulated in the first half of 1948, and some shift from fluid milk to manufacturing uses.

After reaching a low of 57 cents in late October, the price of 92-score butter at Chicago rose and in mid-November was 64.0 cents per pound compared with 80.0 cents a year earlier and the peak of 82.0 cents in July. Prices for cheese and dry whole milk also were lower than a year ago but prices for other manufactured products and fluid milk were higher.

Production of milk on farms recently has been nearly the same as a year earlier after running several percent smaller early in 1948. Dairy product prices in relation to feed prices are more favorable to dairy-men than a year ago. But in relation to prices for hogs and beef cattle, prices for dairy products were nearly the lowest on record. Continuation of such relationships would tend to prolong the decline in numbers of milk cows in the United States.

POULTRY AND EGGS

The farm price of eggs was slightly lower than a year earlier during September and October after averaging 2.8 cents higher during the first 8 months of 1948. The mid-November farm price was 58.3 cents per dozen, 3.6 cents above October and 4.9 cents higher than a year earlier. Farm production of eggs was 3 percent higher than last year in August, 6 percent higher in September, and 3 percent higher in October. In August support purchases totaled more than the production increase, over a year earlier, and in September and October almost as much as the increases in output. However, withdrawals from cold storage between August 1 and November 1 were 1.3 million cases, or 52 percent, larger than a year earlier. The strength in egg markets as compared to a year ago is in contrast to substantial seasonal weaknesses in markets for hogs and in prices for some dairy products.

The August-October increases over a year earlier in egg production occurred despite fewer layers on farms. Continued increases in the rate of lay per bird in the first part of 1949 will about offset the smaller number of layers on farms than in the first six months of 1948. Prices may not be much different from those in early 1948.

With marketings of chickens somewhat smaller than a year ago, farm and retail prices continued high through mid-November. Turkey prices have remained at record levels. Terminal market prices for turkeys turned upward in early November after declining moderately during September and early October. At Thanksgiving they were considerably above a year ago. Prices at Christmas are likely to be at least as high as those at Thanksgiving.

With poultry meat prices at record levels this year, the intostorage movement of both chickens and turkeys has not been particularly heavy. In the case of farm chickens, reduced storage supplies in the first quarter of 1949 are expected to be largely offset by increased commercial broiler production. For turkeys, however, this is likely to mean smaller supplies and continued high prices through much of next year.

FATS, OILS, AND OILSEEDS

The index of wholesale prices of 27 major fats and oils in November was about 228 (1935-39=100), slightly higher than a month earlier but 17 percent below the October 1947-September 1948 average of 274. Prices of tung oil and of the better grades of inedible tallow and grease advanced nearly 10 percent in November, and there were slight advances in crude cottonseed and soybean oils. These advances were partly offset by small declines in prices of lard and coconut oil. The wholesale price of butter in November averaged virtually the same as in October.

Largely because of the bumper crops of soybeans and cottonseed this fall, prices of most fats and oils in 1948-49 are likely to average lower than a year earlier. Since both export and domestic demands continue strong, however, these prices are likely to average at least as high as in November.

The price of soybeans f.o.b. country points in Illinois and Indiana was around \$2.60 per bushel in late November, compared with the 1948 season low of about \$2.30 per bushel in late September. In the last 15 years, prices of soybeans received by farmers have risen substantially from mid-October to mid-January, except during the period of price ceilings and in 1937-38, when the general price level was falling. These price increases have ranged from 12 to 41 percent and have averaged 25 percent. Prices of soybeans to farmers this season averaged \$2.27 per bushel in mid-October and \$2.36 per bushel in mid-November. A price supporting factor this fall has been the announcement of October-December export allocations of nearly 8 million bushels of soybeans. This compares with a total export of less than 3 million bushels in the entire crop year of 1947-48. Even without additional allocations, it will mean the largest export of soybeans since the record of 11 million bushels in 1939-40.

CORN AND OTHER FEED

Corn prices have declined much more than seasonally this fall. In mid-November the average price received by farmers was \$1.21 per bushel, the lowest level in nearly 2 years, and 23 cents per bushel below the national average loan rate. Prices of many of the other feeds, particularly the oilseed meals, have advanced since early October and corn prices in November were low in relation to prices of most other feeds. This is in contrast with the relatively high price of corn last summer. In mid-November the index of prices received for feed grains was 42 percent lower than a year earlier and nearly 50 percent below the record reached last January. Feed prices are expected to continue much lower than a year earlier, at least through this winter and spring, with prices of feed grains lower in relation to protein feeds than they were last year.

The sharp drop in feed prices this year is due largely to the marked increase in feed supplies. The demand for feed during 1948-49 is expected to continue fairly strong. A substantial increase in feed consumption is in prospect at the lower prices. Livestock prices generally are near the high level of the past year, although currently the smaller number of livestock on farms is reducing feed requirements. Increased production of hogs and poultry in prospect for 1949 will increase feed requirements in the last half of the 1948-49 feeding season.

The total feed concentrate supply for 1948-49 is estimated at 168 million tons, about one fourth larger than the small supply last year. The very favorable growing season this year has resulted in a record supply of nearly 3.8 billion bushels of good quality corn and above-average supplies of other feed grains. Even after allowing for heavy domestic utilization and large exports of feed grains, the carry-over at the end of the 1948-49 marketing year is expected to be the largest since prewar.

WHEAT

Cash wheat prices in late November were about 10 cents above loan levels at Kansas City and Minneapolis. This is a considerable advance from the low point on August 2 when prices at Kansas City were about 18 cents below the loan. However, even at the higher price level, selling by growers has not developed on a broad scale. While no substantial changes in prices are likely, at least until 1949 crop prospects are better known, prices may further strengthen in the next few months.

Wheat disappearance for the 1948-49 year is now estimated as follows: Food, 500 million bushels; seed, 95 millions; and feed 110 millions. This leaves about 775 million bushels for exports in 1948-49 or carry-over July 1, 1949. The July-December export program totals 290 million bushels. The extent to which this program actually moves during the period, however, may be affected by the recent longshoremen strikes. Total exports for the marketing year may be between 450 and 500 million bushels. With supplies of 1,479 million bushels (July stocks plus production), this would leave a carry-over of 275-325 million bushels on July 1, 1949, compared with the prewar average of 235 million.

The quantity of wheat processed for domestic food use in July-September was about 124 million bushels, and exports the equivalent of about 155 million. Assuming 30 million bushels were used as seed prior to October 1, it would leave only about 28 million bushels for feed in the quarter. With the very large corn crop, it is expected that wheat feeding will be small in the remainder of the marketing year.

Exportable wheat supplies for 1948 from all countries are about the same as the 935 million bushels exported in 1947-48. Supplies from the four principal exporting countries--United States, Canada, Australia and Argentina--are tentatively estimated at about 880 million bushels. Other countries, including the Soviet Union, may possibly export another 50 million bushels, or about the same as in 1947-48.

World breadgrain production in 1948 is slightly above the prewar average and well above the 1947 crop. Production in Europe is substantially larger than in 1947, as a result of very favorable yields per acre, but it is still well below prewar levels. Moisture conditions for fall-sown wheat and rye in continental Europe are now generally favorable. In the United Kingdom weather has been seasonable and an increase in acreage up to 10 percent is planned. In the U.S.S.R. the seeding of winter wheat is larger than last year, and plowing for spring-sown wheat is ahead of a year ago.

FRUIT

Prices for apples and pears are expected to be a little higher this winter than last, mainly because of smaller production. Prices for the large crops of citrus fruits and grapes probably will be about the same as last winter. But prices for the record cranberry crop will continue much lower than a year ago.

The export outlook is a little better than a year ago, when numerous countries imposed restrictions on imports of fruit from the United States. Because Canada has recently eased its restrictions, increased quantities of

fresh and canned citrus and fresh grapes are expected to move from the United States to Canada. Also movement of surplus dried fruit to foreign countries for relief feeding is getting underway earlier this season than in 1947-48. Through mid-November, the Department of Agriculture had purchased more than 20,000 tons of raisins and 19,000 tons of dried prunes in contrast to none up to mid-November 1947.

Even with larger exports in prospect, the domestic market for fruit for fresh market shipment and processing will continue to be the chief factor in fruit prices. For apples and pears from the small 1948 crops, this should mean that grower prices not only will be higher this winter than last but also will rise seasonally, in contrast to declines last winter.

Grower and terminal market auction prices for citrus fruits probably will not be far different from prices last winter. Prices for new-crop oranges and grapefruit in Florida and Texas already have dropped to the levels of last year, when substantial quantities of grapefruit in these two states were not utilized because of low prices. Most of the increase in orange production this season is expected to be processed, with a substantial increase in frozen orange juice.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers for commercial truck crops grown for fresh market this December and January probably will average considerably lower than in the same months last winter. Tonnage for fall harvest, which will be marketed through December, is one-fifth larger than the 1947 fall tonnage. Supplies are above average for all 13 crops reported except green peppers, green peas, and spinach. Included in the fall group are abundant crops of cabbage and carrots, some of which will be available out of storage throughout the winter.

Early reports of acreage and production in areas producing for winter and spring season harvest compare favorably with last winter. The winter crops of spinach and kale are expected to be considerably larger than a year earlier, those of beets and cauliflower nearly the same as a year earlier, and that of shallots slightly smaller. Slightly larger acreages for winter or spring harvest are indicated for artichokes, asparagus, and lettuce, and moderately larger for onions. The estimated acreage of winter cabbage is considerably smaller than the acreage harvested last winter, but slightly above average.

For Processing

Total production of 8 truck crops for commercial canning and freezing this year is estimated to be about 10 percent less than the 1947 harvest, but about 6 percent more than average. Compared with 1947 production, this year's crops of tomatoes and green peas were considerably smaller, while those of green lima beans, snap beans, beets and sweet corn were considerably larger. Prices received by farmers for the processing crops this year are expected to average somewhat lower than in the 1947 season.

POTATOES AND SWEETPOTATOES

The Department of Agriculture announced November 17, 1948, that the 1949 potato crop is to be supported at 60 percent of parity, in contrast to the 90 percent level used for the 1948 crop, and that the 1949 goal acreage is about one-tenth smaller than the acreage planted in 1948.

Continued improvement in potato yields during October boosted the national average to a record 204.5 bushels per acre, raised the total crop to the third largest of record, and about wiped out hope of shipping-point prices rising much above support-price levels for the rest of the 1948-crop season.

Through November, 1948, price-support purchases of 1948-crop potatoes totaled nearly 70 million bushels, most of which went into the manufacture of alcohol, livestock feed and flour. Further large purchases may be necessary.

The United States monthly average price received by farmers for potatoes this year has been lower than 90 percent of the July 1, 1948 parity, each month since last June. Although prices probably will rise moderately through early winter, it seems likely that prices received by farmers for the 1948 crop will continue to average somewhat below those received for the 1947 crop.

The very small sweetpotato crop is expected to bring farmers a higher average price than that received for the 1947 crop. Despite the small size of the crop, price-support purchases were required during the most active harvest period on the eastern shore of Maryland and Virginia. Through November 2, 1948, support purchases of 1948-crop sweetpotatoes totaled 144,005 bushels.

DRY EDIBLE BEANS AND DRY FIELD PEAS

Prices which farmers will receive for 1948-crop dry edible beans will depend to a considerable extent upon how much of the crop can be exported and upon the government price-support program. Prices received this year fell from the old crop level of \$11.70 per 100 pounds, (U. S. average) in July to the new crop level of \$7.88 in November. Retail prices also have fallen.

This year's crop of almost 20 million bags (100 pounds each) uncleaned, most of which are of unusually good quality, has been exceeded only by the 1943 crop of 21 million bags. The 1947 crop was only a little more than 17 million bags and the 1937-46 average was less than 17 million bags. This year's crop was below last year's only in the Southwestern Pinto bean region, where dry land beans lacked sufficient rainfall in the later months.

Domestic and foreign requirements for dry beans are not expected to absorb all of the supply which will be available from the 1948 crop. Consequently, substantial additions to stocks appear inevitable. This should not cause concern, however, because stocks in recent years have been unusually low.

Although this year's crop of field peas is little more than half as large as the 1947 crop, and about one-third smaller than the 10-year average production, prices received by farmers are expected to stay near support levels because of the decline in demand for peas for export or relief feeding abroad.

COTTON

The cotton demand and price situation has remained about unchanged since early in the season. Demand is only moderate with buying of cotton by domestic mills and for export largely confined to immediate needs. Prices were slightly above loan levels.

Prices of cotton textiles have declined substantially in recent months and in mid-November were still under pressure. Exports of cotton textiles have declined slightly more than one-half from a year ago. However, domestic mills consumed 2,164,000 bales in August-October, 5 percent less than in the same period last season. Under such conditions, domestic mills for the most part have purchased cotton only to meet immediate requirements. It is expected that mill demand for cotton will continue at the current moderate levels unless the cotton goods market shows improvement.

Exports of cotton in August and September totaled 235,000 bales, compared with 161,000 bales for the same months last year, when the full season's total was 1,968,000 bales.

Prices of cotton in mid-November remained at about 3/4 cent above loan levels. Since August 9, when the 1948 cotton crop was officially forecast at more than 15 million bales, 500 pounds, gross weight, the ten spot market average price of Middling 15/16" has fluctuated with the narrow range of 30.69 and 31.78 cents per pound. The ten market equivalent loan rate for Middling 15/16" is 30.87 cents per pound.

WOOL

World demand for fine wool has been strengthening since the second week in October. On October 13, spinners average and best topmaking fleeces were quoted at \$1.46, clean basis, at Sydney, Australia, compared with the low for the current season of \$1.37 on October 6, and the high of last season of \$1.77 on June 16.

Prices in domestic markets remained unchanged from the previous month. On November 26 territory fine staple combing wool was quoted at \$1.75, scoured basis, the same as on October 29, but 5 cents below the October 22 quotation. Australian 64's-70's good topmaking wool was offered at \$1.62, in Bond, Boston, the same as during October.

Since the reduction in the selling prices for 1943, 1944 and 1945 CCC program wools, Commodity Credit Corporation holdings of such wools have been reduced substantially. During September, CCC holdings of wools of all programs were reduced from 135 million pounds, grease basis, to 129 million pounds.

Imports for consumption of dutiable apparel wool during January-September totaled 352 million pounds, actual weight basis, about 4 percent less than during the first nine months of 1947. Imports of duty-free wools of 287 million pounds during this period were slightly more than double the quantity imported during the same period in 1947.

During January-September, domestic mills consumed 385 million pounds of apparel wool, scoured basis. The average weekly rate of consumption during this period was 3 percent below the rate for the same period in 1947.

TOBACCO

A firm demand for Burley tobacco for which marketing began November 29, is expected to continue. The auction market average price for the first day's sales was, 50.0 cents per pound. The average price of the first day's sales last year was 48.3 cents per pound, the same as the 1947 season average, the highest on record. The price support for the 1948 crop of Burley is 42.4 cents--5 percent above a year ago. The 1948 Burley crop is about 8 percent larger than last year while stocks are 4 percent lower. Total supplies for 1948-49 are about the same as for 1946-47.

In the marketing year ended September 30, 1948, exports of Burley totaled only 28 million pounds (farm-sales weight) compared with 50 million pounds last year. However, domestic use set a new record with large cigarette manufacture being the principal outlet. Cigarette production in the year ahead is expected to be at least as high as in 1948, which is the largest for any year yet.

Auctions for Virginia fire-cured, type 21, also opened November 29, with prices averaging 31.8 cents compared with 28.2 cents on the first day of the 1947 season. The 1948 support price for the fire-cured types is 31.8 cents per pound--5 percent more than for last season. Supplies of type 21 are smaller, but for all fire-cured types combined, are larger than last year. Exports of Virginia fire-cured in the 1947-48 marketing year gained 12 percent over the preceding year. Domestic use largely in snuff also ran ahead of last year.

Dark air-cured tobacco, types 35-37, auctions begin in early December. Supplies for 1948-49 are slightly larger than last year, mostly because of the larger carry-over. The support price is 28.3 cents per pound, 5 percent over last season. A major outlet for dark air-cured tobacco is plug chewing tobacco, the consumption of which was about the same in each of the last two marketing years. Exports of dark air-cured tobacco were less in 1947-48 than in 1946-47.

Indicated tax-paid withdrawals of cigarettes in October were 31.3 billions, 6 percent below the 33.2 billions in October 1947, which is the second highest month on record. Cigar tax-paid withdrawals in October approximated 531 millions compared with 588 millions last year. The October tax-paid withdrawals of manufactured tobacco (chewing and smoking) totaled 20.3 million pounds compared with 21.7 millions in October 1948.

Total leaf tobacco exports in September were 48 million pounds, slightly above the 47 million in September a year ago. Seven-eighths of

the total shipped in September was flue-cured. More cigarettes were exported in September than in any previous month this year. For the first nine months of 1948, cigarette exports were 8 percent above the same period last year.

SUGAR

The demand for refined sugar, apparently decreased from September to October. Deliveries for civilian and military use in continental United States for the month of October amounted to 547.9 thousand tons compared with 608.9 thousand tons in September. Total deliveries through October this year amounted to 6,231.9 thousand tons compared with 6,540.3 thousand tons for the same period in 1947. It is estimated that total deliveries for the year will amount to about 7,200 thousand tons, the present consumption estimate made by the Secretary under the provisions of the Sugar Act.

Demand for refined sugar increased in the latter part of October and early November as compared to early October. This was caused primarily by increased purchases in the East made in anticipation of the longshoremen's strike, which started November 10. Deliveries for the week ending October 30 were 50.4 thousand tons, for the week ending November 6, 134.2 thousand tons, and for the week ending November 13, 131.2 thousand tons. Longshoremen on the east coast returned to work November 29 after the terms of a new working contract had been approved by the locals.

Sugar prices were fairly stable in October and early November. The gross wholesale price of refined cane was 7.75 cents, and of beet, 7.55 cents for the entire period. On October 1 raw sugar was quoted at 5.2 cents per pound. With a slackening of demand the price dropped to 5.1 cents early in the month, but then rallied back to 5.18 cents in early November. The world price of sugar, f.a.s. Cuba, was quoted at 4.35 cents October 1. This price dropped to 4.30 cents the middle of the month, and to 4.25 cents the latter part of the month. For the week of November 18-23 the price on the domestic futures contract (contract #5) was 5.38 cents bid for December delivery, and 5.10 cents for March delivery. The futures price on the world contract (contract #4) was 3.88 cents for March delivery.

The visible stocks of sugar on hand at primary distributors October 1 were 891.0 thousand tons. This figure compares with 858.4 thousand tons for the same date in 1947, and an average of approximately 1,100 thousand tons in 1935-39 five year period.

A public hearing was held in Washington November 15 for the purpose of allowing interested persons to present data and views with respect to the determination of sugar consumption requirements and the establishment of sugar quotas for the continental United States for the 1949 calendar year. The principal matters for consideration at the hearing related to: (1) the manner of determination of deficiencies of surpluses in sugar inventories, (2) the effect of demand conditions on consumption requirements, and (3) the manner in which the relationship between the wholesale refined price of sugar and the general cost of living should be used in determining sugar consumption requirements for 1949. The Secretary will make the announcement of sugar requirements for the following calendar year in December in accordance with the provisions of the Sugar Act of 1948.

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